

U.S. Department of Justice

United States Trustee Program



**Strategic Plan
FY 2005 - 2010**

Performance & Results-Oriented

United States Trustee Program
Strategic Plan (FY 2005-2010)

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Message from the Director



The U.S. Trustee Program's mission is to promote integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence.

The Program's FY 2005-2010 Strategic Plan reflects our continuing transformation into a high-performance, litigating component of the Department of Justice, in order to carry out this mission.

As set forth in the Plan, our primary goals are to:

- Protect the integrity of the nation's bankruptcy system;
- Promote effectiveness and efficiency within the nation's bankruptcy system; and
- Maintain operational excellence that achieves desired results through continuous improvements in administration (including human resources) and services.

In accomplishing our goals, we are each guided by core values that embody key principles and beliefs in how we should perform of our duties. Those key values are: *integrity, fairness, respect, excellence and accountability.*

The FY 2005-2010 Strategic Plan charts a promising course for our Program as we serve the Department of Justice, the bankruptcy system, and our nation. I am confident that we have the skills and professionalism to implement this plan with the efficiency, effectiveness and fairness that the American people deserve and expect.

I would like to thank all members of our committed team and all Program stakeholders as we embark upon an exciting and rewarding path to greater accomplishments in the 21st Century!

A handwritten signature in black ink, appearing to read "Lawrence A. Friedman", followed by a horizontal line.

Lawrence A. Friedman

United States Trustee Program Strategic Plan (FY 2005-2010)

I. Introduction – Program’s Embrace of Performance and Results-Orientation

The FY 2005-2010 Strategic Plan for the United States Trustee Program (USTP) reveals the organization’s ongoing transformation into a high-performance, litigating component of the Department of Justice (DOJ) with growing capacities to fulfill its mission, including combating fraud and abuse in the bankruptcy system. The plan reflects knowledge and ideas of the Program’s leadership and employees, based upon experiences spanning the past quarter century. The plan addresses the USTP vision and mission, and outlines a path for achieving results. The plan includes goals for the Program that flow from the DOJ Strategic Plan. Program goals are linked to objectives and measures. The alignment of goals and objectives, as well as strategies and tasks, reflects the directives of the President and Congress. The plan provides a roadmap for the future success of USTP in fulfilling its vital role in America’s bankruptcy system.

The Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, is the key statutory basis for ongoing results-oriented improvements in the federal government. Purposes and strategic planning requirements of GPRA are summarized below.

Government Performance and Results Act Purposes

1. Improve citizen confidence through accountability
2. Initiate program performance reforms
3. Improve effectiveness and accountability by focusing on results
4. Help federal managers deliver by providing results information
5. Improve congressional decision making with objective information
6. Improve internal management of programs

In addition to its operational priorities, the USTP strategic plan seeks to implement the *President’s Management Agenda*, with its focus on five government-wide goals, as well as the applicable elements of the *Attorney General’s 10 Management Goals*.

President’s Management Agenda Goals

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanded Electronic Government
- Budget and Performance Integration

Attorney General's 10 Management Goals

- Develop Performance-Based, Mission-Focused Leadership
- Streamline, Eliminate, or Consolidate Duplicative Functions
- Focus Resources on Front-Line Positions
- Reform the Federal Bureau of Investigation
- Restructure the Immigration and Naturalization Service and the Executive Office for Immigration Review
- Restructure the Office of Justice Programs and Reform Grant Management
- Coordinate Internal and External Communications and Outreach
- Improve Department-wide Financial Performance
- Strengthen Hiring, Training, and Diversity Policies
- Utilize Technology to Improve Government

USTP's Strategic Plan is designed to accomplish responsibilities highlighted in Strategic Goal Number Two of the U.S. Department of Justice Strategic Plan (FY 2003-2008); the Department's four goals include:

U. S. Department of Justice Strategic Goals

1. Prevent Terrorism and Promote the Nation's Security
2. **Enforce Federal Laws and Represent the Rights and Interests of the American People**
3. Assist State, Local, and Tribal Efforts to Prevent or Reduce Crime and Violence
4. Ensure the Fair and Efficient Operation of the Federal Justice System

Goal Two contains the following objective and strategies relating to the U.S. Trustee Program:

Objective 2.6 of Department of Justice Strategic Goal Number Two

Protect the integrity and ensure the effective operation of the Nation's bankruptcy system.

Strategies to Achieve Strategic Objective 2.6

- Enforce compliance with federal bankruptcy laws and take civil actions against parties who abuse the law or seek to defraud the bankruptcy system;
- Pursue violations of federal criminal laws pertaining to bankruptcy by identifying, evaluating, referring, and providing investigative and prosecutorial support of cases;
- Promote the effectiveness of the bankruptcy system by appointing and regulating private trustees who administer bankruptcy cases expeditiously and maximize the return to creditors; and
- Ensure financial accountability, compliance with the Bankruptcy Code, and prompt disposition of Chapter 11 bankruptcy cases.

The above four strategies for accomplishing DOJ Strategic Objective 2.6 are addressed in the USTP strategic plan that follows. The first two strategies above are supported through USTP civil and criminal enforcement activities, and are encompassed in the first USTP goal of protecting the integrity of the bankruptcy system. The final two strategies cited above relate to effectiveness and efficiency in trustee oversight and case administration. These two strategies are captured in the second USTP goal aimed at promoting effectiveness and efficiency in the operation of the nation's bankruptcy system.

The USTP strategic plan represents the first stage of the Program's ongoing strategic planning and implementation process. The plan below includes the following major elements:

USTP Mission – who we are and what we do as an organization

USTP Vision – where the organization is headed

USTP Values – principles and beliefs guiding the organization and employees

USTP Goals – the long-term outcomes pursued by the organization

- 1) System Integrity
- 2) System Effectiveness & Efficiency
- 3) Program Operational Excellence

USTP Challenges: Internal & External

USTP Evaluations & Feedback

Collaboration & Partnerships

II. USTP Mission -- Who We Are and What We Do as an Organization

USTP Mission

The USTP mission is to promote integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence.

The USTP mission statement above summarizes the Program's primary purpose and responsibilities. A consistent and more detailed version of the USTP mission statement has guided the Program in past years. The following *detailed* mission statement was previously published by the Program, shared with all regions and field offices, and integrated into the Program's budget:

The United States Trustee Program acts in the public interest to promote the efficiency and to protect and preserve the integrity of the bankruptcy system. It works to secure the just, speedy, and economical resolution of bankruptcy cases; monitors the conduct of parties and takes action to ensure compliance with applicable laws and procedures; identifies and investigates bankruptcy fraud and abuse; and oversees administrative functions in bankruptcy cases to promote and defend the integrity of the federal bankruptcy system.

USTP is responsible for a broad range of activities vital to the nation's bankruptcy system, including: the appointment and oversight of private trustees, the appointment of creditor committees, oversight administration, and litigation and enforcement practices that protect system integrity. USTP fulfills these responsibilities through its offices and services.

Reporting Structure USTP Leadership & Operations Levels



III. USTP Vision -- Where the Organization is Headed

It is the vision of the United States Trustee Program to administer its legal, regulatory and administrative responsibilities for America's bankruptcy system in a manner that maintains system integrity, efficiency and operational excellence.

In recent decades, America's bankruptcy system has changed dramatically. USTP was created under the Bankruptcy Reform Act of 1978 as a DOJ component, and piloted in 18 judicial districts. In 1986, Congress expanded the Program to 88 judicial districts, comprised of 21 regions, encompassing all states except Alabama and North Carolina. Today, Program operations are carried out through 95 field offices which report to United States Trustees in the regions. The Executive Office for U.S. Trustees, located in Washington, D.C., sets policy, directs legal matters, oversees the Program's operations, and provides administrative support. Since 1983, bankruptcy filings nationally have increased nearly five-fold, representing the largest number of cases in the federal courts. The size and complexity of Chapter 11 business reorganization bankruptcy cases also have increased.

IV. USTP Values -- Principles and Beliefs Guiding the Organization and Employees

United States Trustee Program Core Values:

Integrity. We will adhere to the highest ethical standards and display professionalism.
Fairness. We will be impartial and honest in performing our duties and responsibilities.
Respect. We will treat others with dignity.
Excellence. We will enhance the effectiveness and efficiency of our service.
Accountability. We will continuously measure and improve our performance and results.

These five core values embody the principles and beliefs that guide USTP employees in performing their duties, and they serve as beacons to others that the Program's role in America's bankruptcy system is fulfilled in a principled, fair, effective and results-oriented manner.

V. USTP Goals -- The Long-Term Outcomes Pursued by the Organization

The second goal of the DOJ Strategic Plan – *Enforce Federal Laws and Represent the Rights and Interests of the American People* – encompasses the work of USTP. The goal is pursued through DOJ Strategic Objective 2.6 – *Protect the integrity and ensure the effective operation of the Nation's bankruptcy system*. In serving this goal and accomplishing this objective, USTP has developed several Program goals -- with objectives and measures for each.

United States Trustee Program Goals

- 1) Protect the *integrity* of the Nation’s bankruptcy system**
- 2) Promote *effectiveness and efficiency* within the Nation’s bankruptcy system**
- 3) Maintain *operational excellence* that achieves desired results through continuous improvements in administration (including human resources) and services**

Alignment of Goals-Objectives-Measures and Strategies-to-Tasks

The USTP strategic plan is designed to accomplish Program goals by *aligning work at all levels* of the Program. It does this by linking *goals, objectives and measures*, and also *strategies and tasks*. These linkages provide a map from broad departmental goals and objectives, to the specific goals and objectives of the USTP strategic plan. The *goals and objectives cascade* – an objective at the Department level is associated with goals at the Program level. Thus, there is a hierarchy of goals and objectives.

This framework also links the Department’s comprehensive strategies to USTP operational strategies and tasks. Within USTP, Program goals and objectives are associated with national, regional, and front-line operations and tasks. In sum, this framework should identify for each employee how his or her work contributes to the Program’s mission and goals.

The USTP strategic plan generally outlines how goals and objectives are to be attained through the successful implementation of strategies and the proper performance of tasks. The plan identifies key measures for assessing performance and documenting results, thereby reinforcing accountability.

Goal Number One: Protect the *integrity* of the Nation’s bankruptcy system

The first goal of USTP is to “protect the integrity of the nation’s bankruptcy system” in areas where the Program has enforcement responsibilities. The goal of protecting the integrity of the bankruptcy system flows from the requirements of the Bankruptcy Code. Enforcement includes monitoring and enforcing compliance with bankruptcy laws and rules. Specific measures track and evaluate enforcement and compliance progress. These measures include various types of actions taken through litigation, and other formal and informal actions.

USTP files and civilly prosecutes thousands of motions and complaints to enforce bankruptcy laws and rules. The Program, in coordination with other Department of Justice components, pursues and defends cases in the bankruptcy courts, district courts, appellate courts, and the U.S. Supreme Court. In addition to civil enforcement, the Program identifies and refers criminal conduct to U.S. Attorneys and law enforcement agencies, and assists in investigations and prosecutions.

USTP supports enforcement goals by carefully screening bankruptcy filings for completeness and accuracy. Outcome measures for enforcement and compliance include the dollar value of debts that are prevented from being improperly discharged. The results of financial reviews and audits promote and measure compliance. Finally, the Program supplements its enforcement efforts through a variety of public affairs and outreach activities designed to reinforce bankruptcy system compliance and accountability, including bankruptcy prevention.

Goal Number Two: Promote *effectiveness and efficiency* within the Nation's bankruptcy system

The USTP goal of promoting effectiveness and efficiency in administering the bankruptcy system focuses on the critical role and responsibilities of USTP in the bankruptcy process. The vast majority of the bankruptcy cases that USTP oversees are filed under Chapter 7 (liquidation) and Chapter 13 (wage-earner). Chapter 11 cases (generally business reorganization), while fewer in number, often present complex issues and challenges that require substantial oversight and participation by USTP. Not all system responsibilities are vested in USTP. Some critical responsibilities (e.g., adjudicating disputes and making case determinations) rest with the courts. Local practices also may impact the effectiveness and efficiency of the system.

In measuring case and trustee administration practices, *performance measures* include: the number of cases monitored in each bankruptcy chapter (i.e., most cases are filed under chapters 7, 11, and 13); the number of motions and inquiries to convert Chapter 11 cases that cannot reorganize; and the percentage of Chapter 11 and Chapter 7 cases remaining in bankruptcy for three years or longer. *Outcome measures* are calculated for the percentage distributions (of total distributions) made to creditors under Chapters 7 and 13, which also are considered *efficiency* measures by the OMB, as it captures “overall efficiency of the administration and execution of USTP.” Finally, the potential monetary return to creditors through civil enforcement and related efforts is calculated.

In the Department of Justice Strategic Plan, the following bankruptcy outcome goals for USTP are highlighted for FY 2008: (a) a return of 54% of assets / funds to creditors in Chapter 7 cases; and (b) a return of 80% of assets / funds to creditors in Chapter 13 cases.

Goal Number Three: Maintain *operational excellence* that achieves desired results through continuous improvements in administration (including human resources) and services

The USTP goal of achieving and maintaining *operational excellence* that achieves results applies to all USTP components, operations, services, and personnel. Human capital, information technology, and research / evaluation represent three services vital to the future of USTP.

Human Capital. In the human capital area, USTP is following the lead of the Department in modifying its performance management criteria to establish linkages with strategic goals and objectives and to develop results-oriented measures of performance. Performance Work Plans for employees are being revised to ensure linkage to important Program objectives such as the USTP civil enforcement initiative and compliance with annual financial audits. USTP Human

Capital Management practices will continue to implement improvements recommended by the Department of Justice, the Office of Personnel Management, and the Office of Management and Budget; invest in employees and private trustees by supporting professional development and training; and reward employees based upon performance and results.

Information Technology. USTP devotes its highest attention and makes substantial investments in developing state-of-the-art information and decision support systems utilizing modern technologies. The efforts and investments enhance USTP eGovernment capacities and make operations more effective and efficient. The Program's efforts in the Information Technology Arena are guided by its Information Technology Strategic Plan, incorporating the Information Technology Investment Management (ITIM) process and an Executive Resources Board to support informed decision-making.

Research and Evaluation. The USTP goal of achieving and maintaining operational excellence applies to all USTP operations, services, and personnel. USTP processes will undergo continuous scrutiny and evaluation, ranging from internal operational analyses to independent evaluations. The findings and feedback will be used to improve operations and services.

Identifying and aligning operational goals, objectives and measures, and linking strategies to tasks, benefits USTP in numerous ways: (1) helps USTP and others to understand the bankruptcy system and Program requirements; (2) provides a clear map and linkages between objectives and program activities; (3) enables assessments of alternative means to accomplish operational objectives; and (4) assists in making resource allocation and reallocation choices.

The framework and alignment graphic representation shown below is useful in developing strategies that will create value by addressing four important public-sector perspectives¹:

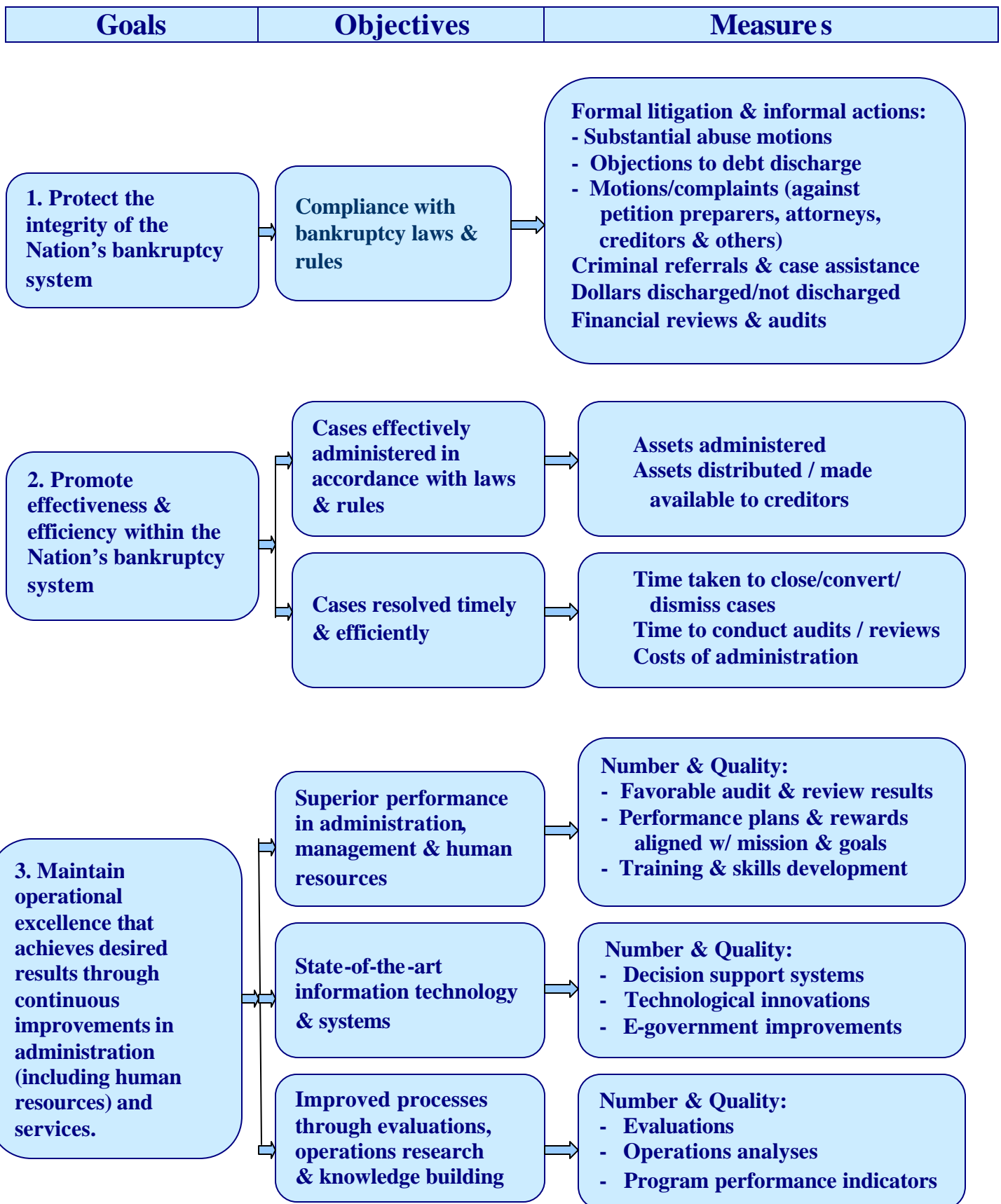
Fiduciary Perspective: “If we succeed, how will we look to our stakeholders?”

Customer Perspective: “To achieve our vision, how must we look to our customers?”

Internal Perspective: “To satisfy customers and supporters, at which processes must we excel?”

Learning and Growth Perspective: “To achieve our vision, how must USTP learn and improve?”

¹ “Perspectives” adapted from *Strategy Maps: Converting Intangible Assets into Tangible Outcomes*, by R. S. Kaplan and D. P. Norton (authors of *The Balanced Scorecard*), Harvard Business School Press (2004).



VI. USTP Internal and External Challenges – Existing and Potential Obstacles to Organization Success

USTP, like other organizations, faces strategic challenges to its future success. In analyzing these challenges, it is important to identify issues and problems that confront USTP now or in the future. USTP has identified numerous internal and external challenges that can impact its future.

Internal Challenges Impacting Performance

- Accomplishing mission with limited resources (financial and human capital)
- Developing and implementing improved information technologies and systems
- Expanding measurement and evaluation capacities (emphasizing operational importance)
- Developing improved long-term and contingency plans (e.g., responding to changing enforcement needs, growing caseloads, and future system demands)

Today, federal agencies are experiencing greater scrutiny and closer oversight than ever before. The President and Congress are requiring that results and efficiencies be demonstrated. USTP continues to address high caseload demands through streamlining and operational improvements. New information technologies and system improvements continue to be developed with the potential of enhancing the Program's monitoring capacities and increasing operational efficiencies. These improvements are accompanied by rigorous research and evaluation to identify improvements in performance and results. As data collection and reporting systems improve and analytical capacities are enhanced, long-term and contingency planning challenges will be met with increasing success.

External Challenges Impacting Performance

- Funding is unpredictable due to caseload fluctuations
- Resource allocation is problematic due to changing caseload volume and profile, as well as district variances
- Bankruptcy judges adjudicate cases; bankruptcy judges and the private bar influence legal cultures and practices
- Changes in technologies and practices (e.g., internet petition preparers, electronic case filing, and new forms of identity theft) can present new risks of system abuses

Some external challenges facing USTP are shared by other federal agencies and programs; others are not. Most agencies face uncertainties associated with national priorities and the budget process as they plan for the future. Other present and future challenges relate specifically to USTP and its mission, environment, and funding situation. The nation's bankruptcy system is a unique federal responsibility under the U.S. Constitution, and involves judges who make final

legal determinations in individual cases. USTP relies upon bankruptcy filing and administrative fees to support its operations. These fees fluctuate with types of bankruptcy cases and filing trends – variables beyond the control of the Program. Numbers and types of bankruptcy cases differ by jurisdiction, as do bankruptcy court rules, practices, and cultures. Finally, court technologies and bankruptcy practices continue to change and present new legal, technological, fiscal, and human resources challenges.

VII. Evaluations and Feedback to the Organization

Improving USTP performance and evaluating Program results require a wide range of research and evaluative activities. Bankruptcy system practices, USTP operations, and strategy implementation results can be analyzed both *qualitatively* and *quantitatively*. Qualitative evaluations include rigorous examinations of practices, operations and strategies for completeness, internal consistency, rationale, and suitability to the situation. Quantitative evaluations examine how well practices, operations, and strategies are working by studying the numbers that explain results and outcomes. USTP relies upon both qualitative and quantitative evaluations in assessing performance and outcomes. Both qualitative and quantitative measures are useful in providing valuable feedback and taking corrective action to improve operations and strategy implementation efforts.

A promising approach to conducting evaluations and collecting valuable feedback for corrective action is that of “outcome-based scrutiny.” Outcome-based scrutiny is a multi-step process:

Outcome-Based Scrutiny Process

- (1) Identify desired outcomes
- (2) Enumerate the responsible program activity
- (3) Document the results achieved
- (4) Compare benefits with costs
- (5) Allocate (or reallocate) resources
- (6) Assess opportunities for improvement

An outcome-based scrutiny perspective will be increasingly employed, to the extent practicable, in planning and conducting USTP research and evaluations. Managers will be provided with evaluation results and operationally relevant feedback for use in managing their programs.

USTP will strive to develop an effective feedback system that emphasizes the following:

- Comprehensive yet understandable information
- Dissemination of results to those who will benefit
- Results communicated in various formats (reports, briefing books, website, emails)
- Findings and analysis that promote knowledge and understanding of relevant issues
- Information used to focus attention on shared purpose

OMB has promulgated guidance in conducting evaluations that identify various types, ranging from rigorous randomized controlled trials to non-experimental indirect analyses. USTP will seek to fund and conduct appropriate evaluations that will maximize investment and generate operationally relevant knowledge likely to impact performance and results in a positive way. When feasible, promising independent analyses of specific programs, policies and practices will be undertaken. For several years, USTP has analyzed significant accomplishments both quantitatively and qualitatively, and published highlights in the *USTP Annual Report of Significant Accomplishments*, which is widely disseminated.

Planned research, analyses and evaluations of USTP include:

- *Independent research and evaluation study: “Identifying Fraud, Abuse and Errors in America’s Bankruptcy System.”* This multi-year, independent study will be administered through the Department of Justice National Institute of Justice to examine fraud, abuse, and errors in the bankruptcy process. It is being conducted, in part, to address priority issues identified by the Office of Inspector General, regarding which information and knowledge is lacking throughout the bankruptcy community.
- *Comprehensive USTP operations and performance reviews.* Extensive reviews and analyses of regional and field office operations will continue to be conducted and enhanced. These operations analyses are used to evaluate both office and employee performance and results.
- *Resource, staffing and workload analyses.* Analyses of past practices and future demands facing front-line USTP offices and private trustees will continue to be conducted for purposes of determining priorities in allocating human and financial resources, as well as support services and technologies.
- *Financial and performance audits and reviews.* Financial and performance audits will continue to review and evaluate private trustee operations and financial practices.
- *USTP conducted and sponsored trainings.* USTP will enhance its training evaluation process at the National Bankruptcy Training Institute located at the Department of Justice Ernest F. Hollings National Advocacy Training Center (Columbia, SC), by including measures of substantive knowledge acquired by participants. Results will be used to improve training content and delivery. USTP will monitor and collect evaluative and quality assessment information regarding financial education outreach activities sponsored or conducted by USTP.
- *Special studies, operations analyses and evaluation reports.* USTP will continue to conduct special studies, analyses and evaluations on topics of continuing importance to the Program (e.g., Chapter 7 asset distribution statistics), as well as new topics of priority interest or urgency to the Program. These reports will be shared with appropriate managers, staff and others.

VIII. Collaboration and Partnerships

USTP has benefited in many ways through continued interaction, assistance, and partnerships involving various government agencies, Department of Justice offices and components, private associations, and other groups with knowledge and expertise regarding bankruptcy issues and topics of importance to the Program. The Program regularly participates in conferences and meetings involving professional groups that play key roles in the nation's bankruptcy system. USTP regularly shares information and ideas with bankruptcy judges and the federal judiciary on administrative and practice issues of common interest.

USTP works with many other components of the Department of Justice, including: Office of the Solicitor General, U.S. Attorneys, Tax Division, Civil Division, Criminal Division, Office of Legislative Affairs, Office of Legal Policy, Bureau of Justice Statistics, National Institute of Justice, Office of Inspector General, and Justice Management Division. USTP interacts with other federal departments and agencies on enforcement and other matters, including the Office of Inspector General of the Department of Housing and Urban Development, Bureau of Labor Statistics, Department of Treasury (including IRS Criminal Investigations Division), Federal Trade Commission, Securities and Exchange Commission, Administrative Office for the U.S. Courts, and U.S. Postal Inspectors.

USTP has partnered with bankruptcy judges and professional groups in its voluntary financial education outreach activities at community and school levels. USTP has initiated an outreach program that emphasizes prevention of financial difficulties and includes: highlighting and expanding knowledge of promising financial education approaches; providing basic financial education information through the USTP website and brochures; developing a process to facilitate Chapter 13 trustee conducted financial education activities; and participating in national, state and local efforts to expand financial literacy. This outreach has built upon the voluntary efforts of USTP personnel and private trustees. USTP will continue to partner with judges, trustees, professional groups, and organizations committed to improving citizen and consumer financial knowledge and practices. The Program coordinates its education outreach with the multi-agency Financial Literacy and Education Commission.

In sum, Program officials are active in collaborating and partnering with representatives and officials of many different groups with shared and related interests, both within and outside of the bankruptcy profession, at the national, state, and local levels. By working with others, USTP is better able to serve the interests of USTP, the Department of Justice, the bankruptcy community, and our nation.